

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 COME-00

AGR-20 SWF-02 TAR-02 XMB-07 FRB-03 INT-08 L-03 SAJ-01

NSCE-00 CIAE-00 DODE-00 INR-11 NSAE-00 PA-04 USIA-15

PRS-01 EUR-25 ARA-16 DRC-01 /210 W

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FM USLO PEKING

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INFO AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: ETRD, EAGR, US, CH

SUBJECT: DREYFUS REPRESENTATIVE LEAVES PEKING

REF: A) PEKING 1419; B) PEKING 1442

SUMMARY: DREYFUS REP MARQUOT HAS LEFT PEKING AFTER WEEKS OF CLAIM NEGOTIATIONS DURING WHICH, HE SAID, NO NEW SALES TO CHINA WERE CONCLUDED. BEFORE LEAVING, HE TOLD US THAT JACQUES LANG, OF COOK GRAIN'S FRENCH SUBSIDIARY, HAS JUST ARRIVED IN PEKING, APPARENTLY TO DISCUSS SOYBEAN PROBLEMS AND PERHAPS NEW SALES OF US WHEAT TO THE PRC. END SUMMARY.

1. DREYFUS REP MARQUOT LEFT FOR HOME SEPTEMBER 14 AFTER CLOSE TO FIVE WEEKS IN PEKING. IN A FINAL CALL ON USLO SEPTEMBER 13, HE GAVE US THE FOLLOWING REPORT ON HIS ACTIVITIES AND OTHER PRC AGRICULTURAL TRADE MATTERS.

2. COTTON - MARQUOT REITERATED THAT HIS MAIN BUSINESS

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IN PEKING WAS SETTLEMENT OF CLAIMS RELATING TO DREYFUS

COTTON SHIPMENTS TO THE PRC. HE DID MAKE AN OFFER FOR A NEW SALE OF US COTTON TO CHINA, BUT THE CHINA NATIONAL TEXTILES IMPORT AND EXPORT CORPORATION SHOWED LITTLE INTEREST. LIKE CALCOT REPRESENTATIVE TOM AKERS (REF B), MARQUOT RECEIVED THE IMPRESSION THAT THE CHINESE ARE HOPING FOR A GOOD DOMESTIC CROP THIS YEAR AND ARE HOLDING OFF ON NEW IMPORT PURCHASES FOR THE MOMENT.

3. WHEAT - IN VARIOUS MEETINGS WITH THE CHINA NATIONAL CEREALS, OILS AND FOODSTUFFS IMPORT AND EXPORT CORPORATION (CEROILFOOD) MARQUOT SAYS HE DID NOT DISCUSS FURTHER WHEAT SALES TO CHINA. DREYFUS WAS NOT ANXIOUS TO QUOTE ON NEW BUSINESS BECAUSE OF TCK RISK, MARQUOT SAID, AND CEROILFOOD DID NOT BRING UP THE SUBJECT. MARQUOT ACKNOWLEDGED THAT DREYFUS DID SELL 600,000 TONS OF WHEAT TO CHINA LAST JUNE DESPITE THE TCK RISK. HE EXPLAINED THAT IN JUNE DREYFUS WAS ABLE TO BUY US SOFT RED SPRING WHEAT WHICH HAS LOW TCK RISK, BUT COULD NOT OBTAIN ANY MORE SHOULD IT CONCLUDE A FURTHER WHEAT SALE TO CHINA AT THIS TIME. THUS, THE BULK OF MARQUOT'S CONVERSATIONS WITH CEROILFOOD CONCERNED CLAIMS AND OTHER MATTERS ARISING FROM PAST SHIPMENTS OF CORN TO THE PRC AND SCHEDULED SHIPMENTS OF SOYBEANS.

4. SOYBEANS - DREYFUS HAS NO MAJOR PROBLEMS WITH ITS SOYBEAN CONTRACTS, BUT HAS LEARNED THAT ONE OTHER SUPPLIER, COOK GRAIN, DOES. CEROILFOOD OFFICIALS TOLD MARQUOT THAT DATURA SEEDS, A POISONOUS GRAIN, HAVE SHOWN UP AS FOREIGN MATTER IN ONE OR MORE OF COOK'S SOYBEAN SHIPMENTS TO CHINA. MARQUOT SAID JACQUES LANG OF COOK'S FRENCH SUBSIDIARY, UNION GRANIERE, HAS JUST ARRIVED IN PEKING, POSSIBLY TO DISCUSS NEW WHEAT BUSINESS BUT ALSO, HE SUSPECTS, TO NEGOTIATE OVER THE "DATURA PROBLEM". MARQUOT ADDED THAT THE PRESENCE OF DATURA IN US SOYBEAN SHIPMENTS IS NOT NEW, BUT THAT OTHER FOREIGN CUSTOMERS, SUCH AS THE JAPANESE, HAVE NEVER COMPLAINED ABOUT IT.

5. MISCELLANEOUS - MARQUOT UNDERSTANDS THAT SHIPMENTS OF ARGENTINE WHEAT TO CHINA WERE HALTED THIS SUMMER DUE TO A TCK PROBLEM, BUT HE BELIEVES THE DIFFICULTY WAS RESOLVED AND THAT SHIPMENTS WILL START AGAIN SOON. DURING A TCK-RELATED CLAIMS ARGUMENT LIMITED OFFICIAL USE

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WITH CEROILFOOD, THE CHIEF CHINESE NEGOTIATOR (MR. SHIH) COMPLAINED LOUDLY TO MARQUOT THAT "BECAUSE YOU STOPPED SHIPPING, WE HAD TO SEND DOMESTIC GRAIN INTO SHANGHAI*" THE REMARK IMPLIED THAT THIS CAUSED THE CHINESE HARDSHIP, AND REINFORCED MARQUOT'S BELIEF THAT THE CHINESE IMPORT WHEAT IN ORDER TO REDUCE THE BURDEN ON INTERNAL TRANSPORT WHICH WOULD OCCUR IF CITIES HAD TO BE SUPPLIED FROM DOMESTIC SOURCES.
BRUCE

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